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**Bulletin 1 of 2007
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Millage Requests and
Rollbacks**

TO: County Clerks, Treasurers, Equalization Directors, and Chairpersons of Boards of Commissioners; Township Clerks, Treasurers, Supervisors, and Assessors; City Clerks and Assessors; Village Clerks; School District Boards of Education; Intermediate School Districts; Community College Boards of Trustees; and Authority Governing Bodies

FROM: State Tax Commission (STC)

SUBJECT: MILLAGE REQUESTS AND MILLAGE ROLLBACKS

The purpose of this bulletin is to address 2007 millage rollback procedures for Michigan Compiled Law (MCL) 211.34d ("Headlee") Millage Reduction Fractions, "Truth in Assessment" under MCL 211.34, "Truth in County Equalization" under MCL 211.34, "Truth in Taxation" rollbacks under Michigan Compiled Law (MCL) 211.24e, and the "Counties only" rollbacks based on the convention facilities and cigarette tax collections (See "Special Note for Counties Only" in paragraph C of this bulletin).

The following STC forms can be found on the Treasury Department Web site at www.michigan.gov/treasury. Please click on the form number that you wish to see.

1. STC Form L-4029 with instructions. STC Form L-4029 is used to calculate the maximum allowable millage levy after possible reduction by the section 211.34d ("Headlee") Millage Reduction Fraction and the section 211.34 "Truth in Assessing" or "Truth in County Equalization" Rollback Fraction. Form L-4029 is not used to calculate the MCL 211.24e "Truth in Taxation" Base Tax Rate Fraction.
2. STC Form L-4297 Truth in Taxation Notice.
3. STC Form L-4034 worksheet used to compute the section 211.34d ("Headlee") Millage Reduction Fraction, the section 211.34 "Truth in Assessing" or "Truth in County Equalization" Rollback Fraction and the section 211.24e "Truth in Taxation" Base Tax Rate Fraction.

A) 2007 MILLAGE REDUCTION FRACTION FORMULA (MRF) REQUIRED BY MCL 211.34d

1) 2007 Formula for Calculating the "Headlee" Millage Reduction Fraction

- a) The following formula shall be used in 2007 for calculating the MRF.

$$\text{MRF} = \frac{(\text{Prior Year's Taxable Value} - \text{LOSSES}) \times \text{Inflation Rate Multiplier}}{\text{Current Year's Taxable Value} - \text{ADDITIONS}}$$

**FORMULA
IN GENERAL
TERMS**

The following is the formula stated in terms that are specific to its use in 2007.

$$2007 \text{ MRF} = \frac{(2006 \text{ Taxable Value} - \text{LOSSES}) \times 1.037}{2007 \text{ Taxable Value} - \text{ADDITIONS}}$$

**FORMULA
SPECIFIC TO 2007**

Please note the following regarding the formula above:

- i) The amount of ADDITIONS and LOSSES are based on the Taxable Value of ADDITIONS and LOSSES as defined by PA 476 of 1996 and as found in MCL 211.34d.

Note, however, that the Michigan Supreme Court has ruled in *WPW Acquisition Company v City of Troy* that increases in value due to increases in occupancy are NOT constitutional additions even though MCL 211.34d continues to define such increases in value as additions. Increases in value due to increases in occupancy are NOT to be included as additions in the above formula.

The Taxable Value of some ADDITIONS and LOSSES are at 50% of True Cash Value and some may be less than 50%. For more information about ADDITIONS and LOSSES, please see the instructions for the Form L-4025 and STC Bulletin No. 3 of 1995 including its Supplements contained in STC Bulletin No. 3 of 1997. Please also see paragraph G of STC Bulletin 15 of 2002.

Important Note: The long-standing STC policy which calls for all changes in the taxable value of PERSONAL PROPERTY to be treated as either ADDITIONS or LOSSES has changed. Please see STC Bulletin 19 of 2002 for a new system of calculating ADDITIONS and LOSSES for PERSONAL PROPERTY which became mandatory in assessment year 2004.

- ii) The inflation rate multiplier for the 2007 "Headlee" calculations is 1.037.
- b) STC Forms L-4025, L-4025SEV, L-4028, and L-4028IC have not changed for 2007 except for date changes. The instructions for the form L-4025 have already been sent. The form L-4034 has not changed for 2007 except for date changes. The form L-4029 will be discussed in a later section of this bulletin.

2) INSTRUCTIONS REGARDING THE ROLLBACK CALCULATIONS FOR LOCAL SCHOOL DISTRICTS (These instructions do NOT apply to Intermediate School Districts and Community Colleges.) There are two categories of properties for local school districts under certain circumstances. The first category consists of NON-HOMESTEAD AND NON-QUALIFIED AGRICULTURAL PROPERTIES. The second category consists of ALL PROPERTIES IN THE LOCAL SCHOOL DISTRICT.

NOTE: While the term Homestead Exemption has been changed to Homeowner's Principal Residence Exemption, the term Non-Homestead will continue to be used rather than using the term Non-Homeowner's Principal Residence.

Please see the chart that follows which is labeled "Local School District Millage Chart". This chart lists the operating millages that local school districts generally levy and which of the 2 groups of properties each millage is levied against.

If a local school district levies an operating millage against ALL PROPERTIES IN THE LOCAL SCHOOL DISTRICT, the "Headlee" and "Truth in Taxation" rollback calculations shall be made for that group of properties. Likewise, if a local school district levies an operating millage against the NON-

HOMESTEAD AND NON-QUALIFIED AGRICULTURAL PROPERTIES in the local school district, the "Headlee" and "Truth in Taxation" calculations shall be made for that group of properties.

Except in rare circumstances, it will always be necessary to calculate the rollback fractions for the category of NON-HOMESTEAD AND NON-QUALIFIED AGRICULTURAL PROPERTIES. (These are the properties which DO NOT qualify for the Homeowner's Principal Residence or Qualified Agricultural Property Exemptions from the 18 mills of LOCAL school operating tax.) It will also frequently be necessary to calculate the rollback fractions for ALL PROPERTIES IN THE LOCAL SCHOOL DISTRICT.

The first column in the chart below lists several types of tax millages which a LOCAL school district may levy. The second column indicates whether the levy is made against ALL PROPERTIES IN THE LOCAL SCHOOL DISTRICT or against only NON-HOMESTEAD AND NON-QUALIFIED AGRICULTURAL PROPERTIES IN THE LOCAL SCHOOL DISTRICT.

LOCAL SCHOOL DISTRICT MILLAGE CHART

Type of Millage Levied by Local School District	Properties Against Which the Millages are Levied
Supplemental (Hold Harmless) Millage	ALL PROPERTIES IN THE LOCAL SCHOOL DISTRICT
Up to 18 mills of operating millage when there is no Supplemental (Hold Harmless) millage levied or when there is less than 18 mills of Supplemental (Hold Harmless) millage levied	NON-HOMESTEAD AND NON-QUALIFIED AGRICULTURAL PROPERTIES IN THE LOCAL SCHOOL DISTRICT
Millage levied under MCL 380.1212 for the purpose of creating a building and site sinking fund. This levy is subject to the "Headlee" rollback but NOT the "Truth in Taxation" rollback	ALL PROPERTIES IN THE LOCAL SCHOOL DISTRICT
Millage levied for operating a community college under Part 25 of the School Code of 1976	ALL PROPERTIES IN THE LOCAL SCHOOL DISTRICT
Certain millages levied for the operation of a library. Please see MCL 380.1211(8)(f) (iv and v) for details	ALL PROPERTIES IN THE LOCAL SCHOOL DISTRICT
Certain taxes levied for operation of a community swimming pool. Please see MCL 380.1211(8)(f)(vi) for details	ALL PROPERTIES IN THE LOCAL SCHOOL DISTRICT

Assessors are required to separately identify and report Taxable Values on STC Form L-4025 for either one or both of these categories for each LOCAL SCHOOL DISTRICT depending on the millage being levied by the school district. Equalization Directors are likewise required to calculate the Millage Reduction Fractions for these same categories on STC Form L-4028.

IMPORTANT NOTE: Starting in 1997, the LOCAL school district is no longer authorized to levy an **Enhancement Millage** of up to 3 mills. MCL 380.705 provides that, starting in 1997, the Enhancement Millage may be levied only by an INTERMEDIATE school district, and then only if approved by the voters of the intermediate school district.

See paragraph "e" below regarding the proper entries on the Form L-4029 for local school districts.

3) Building and Site Fund Millage is Not Subject to "Truth In Taxation".

The Building and Site Fund Millage levied by authority of MCL 380.1212 is subject to the "Headlee rollback but it is NOT subject to the "Truth In Taxation" rollback.

4) STC Form L-4029 - Millage Request Report to County Board of Commissioners Due by September 30 Annually.

Background

Please note the instructions for Column No. 2 on the back of Form L-4029 which affect Local School Districts only. This is discussed further in paragraph 2 on page 3 of this bulletin and in paragraph "e" below.

STC Form L-4029 Guidelines

Form L-4029 should be reviewed carefully before filling it out so that the instructions are clearly understood. In addition, please note the following guidelines:

- a) Millage Reduction Fractions shall be rounded to four decimal places. This means that if the number in the 5th place past the decimal is 5 or above, increase the number in the 4th place by 1. If the number in the 5th place past the decimal is 4 or below, don't change the number in the 4th place past the decimal.
- b) The Millage Reduction Fraction (MRF) entered in Column No. 6 shall not exceed 1.0000.
- c) It is possible to have a MRF of less than 1.0000 due to the uncapping of Taxable Values for properties which have experienced a "Transfer of Ownership" in the prior year.
- d) The State Education Tax (SET) is not subject to any rollbacks. DO NOT INCLUDE IT ON the STC Form L-4029. The State Treasurer certifies the State Education Tax to the local treasurer on a separate form.
- e) LOCAL SCHOOL DISTRICTS shall separately list operating millages on STC Form L-4029 categorized by whether they are levied against ALL PROPERTIES in the local school district or against NON-HOMESTEAD AND NON-QUALIFIED AGRICULTURAL PROPERTIES in the local school district.

The following abbreviations may be used when completing Column No. 2 on the Form L4029: "Operating ALL" and "Operating NON-HOME".

"Operating ALL" is short for "Operating Millage to be Levied on ALL Properties in the Local School District". For example, Supplemental (Hold Harmless) Millages are levied against ALL PROPERTIES in the local school district.

Please see the chart earlier in this bulletin for a listing of the various millages which are levied against ALL PROPERTIES in the LOCAL school district.

"Operating NON-HOME" is short for "Operating Millage to be levied on the NONHOMESTEAD AND NON-QUALIFIED AGRICULTURAL Category of Properties in the local school district". The "Operating NON-HOME" category would include the 18 mills of operating millage levied by local school districts which do not levy a Supplemental (Hold Harmless) millage.

B) 2007 MILLAGE ROLLBACKS RELATED TO STATE EQUALIZATION (MCL 211.34)

1) "TRUTH IN COUNTY EQUALIZATION" (Applies to the millages levied by Counties, Villages, and Authorities only)

2) "TRUTH IN ASSESSING" (Applies to the millages levied by Cities and Townships only)

There may be counties, villages, authorities, townships, and cities which will be impacted by the additional rollback requirement of Section 34 of the General Property Tax Act. Section 34 of the General Property Tax Act, being section 211.34 of the Michigan Compiled Laws provides that: ". . . Each year the county board of commissioners shall advise the local taxing units when the state tax commission increases the equalized value of the county as established by the board of county commissioners and each taxing unit other than a city, township, school district, intermediate school district, or community college district, shall immediately reduce its maximum authorized millage rate, as determined after any reduction caused by section 34d, so that subsequent to the increase ordered by the state tax commission pursuant to Act No. 44 of the Public Acts of 1911, as amended, being sections 209.1 to 209.8 of the Michigan Compiled Laws, total property taxes levied for that unit shall not exceed that which would have been levied for the unit at its maximum authorized millage rate, as determined after any reduction caused by section 34d, if there had not been an increase in valuation by the state. If its state equalized valuation exceeds its assessed valuation . . . , a city or township shall reduce its maximum authorized millage rate, as determined after any reduction caused by section 34d, so that total property taxes levied for that unit do not exceed that which would have been levied based on its assessed valuation."

Both the "Truth in County Equalization" and the "Truth in Assessing" Rollback Fractions identified above are applied against the unit's respective "maximum authorized millage rate" (regardless of when the millage was approved by the voters) but after any reduction caused by the unit's section 211.34d ("Headlee") Millage Reduction Fraction for the current year. For example, a "Truth in Assessing" Millage Rollback Fraction would be applied to the maximum rate for a township or city after that rate has been reduced by any applicable "Headlee" Millage Reduction Fraction for the current year.

Each of the "Truth in County Equalization" and "Truth in Assessing" Rollback Fractions are placed on STC Form L-4029 in Column No. 8, which is labeled "Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction". There will never be a circumstance where there is both a "Truth in County Equalization" Rollback Fraction and a "Truth in Assessing" Rollback Fraction for the same unit. Therefore, Column No. 8 is used for one rollback fraction or the other, not both.

The adoption of a State Equalized Value by the State Tax Commission which exceeds the County Equalized Valuation for any one, any combination, or all of the separately equalized classifications of property of a county, shall result in the calculation of a "Truth in County Equalization" Millage Rollback Fraction to be applied to the total authorized county, village, or authority millage rate, after any applicable "Headlee" reduction. It should be noted that all "Truth in County Equalization" Millage Rollback

Fractions are calculated on the basis of all of the classifications of the county, village, or authority taken together, NOT by each separately-equalized classification taken separately.

The maximum authorized millage rate, after reduction by any applicable "Headlee" or MCL 211.34 reduction for the year results in the applicable millage rate for the county, village or authority in the matter of "Truth in County Equalization" or the applicable millage rate for the township or city in the case of "Truth in Assessing". Both rates may need to be further reduced by "Truth in Taxation", if applicable. After all of these considerations, the reduced rate is applied against the taxable value of each parcel of property on the tax roll.

3) "Truth in County Equalization"

A "Truth in County Equalization" Rollback Fraction shall be calculated for each village, county and authority when its 2007 SEV exceeds its 2007 CEV. The following is the formula for calculating the "Truth in County Equalization" Rollback for 2007.

FORMULA (Formula for calculating the "Truth in County Equalization" Millage Rollback Fraction For 2007)

"Truth in County Equalization" Rollback =

$$\frac{\text{Total Taxable Value Based on CEV For All Classes}}{\text{Total Taxable Value Based on SEV For All Classes}}$$

Total Taxable Value Based on CEV is the total Taxable Value of individual properties in the unit as if CEV had become the final SEV in the unit. The total Taxable Value Based on SEV is the actual Taxable Value of the property calculated using final SEV as of the fourth Monday in May.

EXAMPLE for an individual property with no ADDITIONS or LOSSES:

2006 SEV and Taxable Value	= 100,000
2007 CEV of the property	= 100,000
2007 SEV of the property	= 101,000
2007 Taxable Value Based on CEV	= 100,000
2007 Taxable Value Based on SEV	= 101,000

The rollback fraction calculated for a county will likely be different from the fraction calculated for a village or for an authority because of the different mix of properties within each taxing jurisdiction.

"Truth in County Equalization" does not affect townships, cities, school districts, intermediate school districts or community colleges. Also, authorities located in more than one county are not subject to "Truth in County Equalization."

The "Truth in County Equalization" Millage Rollback Fraction SHALL NOT exceed 1.0000.

4) "Truth in Assessing"

A "Truth in Assessing" Rollback Fraction shall be calculated for each city and township when its 2007 SEV exceeds its 2007 Assessed Value.

The following is the formula for calculating "Truth in Assessing" for 2007:

FORMULA (Formula for calculating the "Truth in Assessing" Millage Rollback Fraction FOR 2007)

"Truth in Assessing" Rollback =

$$\frac{\text{Total Taxable Value based on Assessed Value For All Classes}}{\text{Total Taxable Value Based on SEV For All Classes}}$$

Total Taxable Value Based on Assessed Value (AV) is the total Taxable Value of individual properties in the unit as if Assessed Value (AV) had become the final SEV in the unit.

Total Taxable Value Based on SEV for all classes is the final Taxable Value calculated using final SEV for all properties as of the fourth Monday in May.

EXAMPLE for an individual property with no ADDITIONS or LOSSES:

2006 SEV and Taxable Value	= 99,000
2007 Assessed Value (AV)	= 99,000
2007 SEV of the property	= 101,000
2007 Capped Value	= 101,277
2007 Taxable Value Based on AV	= 99,000
2007 Taxable Value Based on SEV	= 101,000

For some properties, the Taxable Value Based on Assessed Value may be the same as Taxable Value Based on SEV because the Capped Value is lower than both AV and SEV.

The "Truth in Assessing" Millage Rollback Fraction SHALL NOT exceed 1.0000.

C) 2007 "TRUTH IN TAXATION" REQUIRED BY MCL 211.24e

1) 2007 Formula for Calculating the "Truth in Taxation" Base Tax Rate and the Base Tax Rate Fraction

The following are the formulas that shall be used in 2007 for calculating the 2007 Base Tax Rate and the 2007 Base Tax Rate Fraction:

$$\text{2007 Base Tax Rate} = \text{2006 Operating Levy Rate} \times \text{2007 Base Tax Rate Fraction (BTRF)}$$

$$\text{2007 BTRF} = \frac{\text{2006 Total Taxable Value} - \text{LOSSES}}{\text{2007 Total Taxable Value} - \text{ADDITIONS}}$$

The amounts of the LOSSES and ADDITIONS used in the formula above will be the same as those used in the "Headlee" calculation discussed in paragraph A of this bulletin.

The BTRF is calculated for each local taxing unit on Form L-4034.

Important Note Regarding Millages Approved in 2007: If a local taxing unit wishes to levy a millage rate for operating purposes which is greater than the 2007 Base Tax Rate, the local unit must comply with one of the two options described in paragraph 2 below.

This is true even if the millage to be levied has been approved by the voters anytime in 2007. This is different from the provisions of the "Headlee" rollback which do not apply in 2007 to millages authorized by the voters after April 30, 2007.

Special Note for Counties Only: A county must reduce its Base Tax Rate for "Truth in Taxation" purposes by a rate produced by dividing its estimated Convention Facilities

Tax Revenue by the county's current year's Taxable Value. A further reduction in a county's 2007 Base Tax Rate must be made in the same manner for the estimated cigarette tax revenue to be received by the county during the calendar year 2007. An estimate of this revenue and the convention facilities tax revenue will be sent to the counties in the summer of 2007. **A county which complies with Section 16 of the Uniform Budgeting and Accounting Act (see paragraph 2 below), is not required to make the calculations relating to the Convention Facilities Tax and the Cigarette Tax discussed in this paragraph.**

The procedure for levying an operating tax rate that exceeds the Base Tax Rate is prescribed in MCL 211.24e and will be discussed in paragraph 2 below.

2) Procedures for Levying an Operating Tax Rate Which Exceeds the Base Tax Rate (BTR)

Prior to 1995, MCL 211.24e provided that a local taxing unit could approve the levy of a millage rate for operating purposes in excess of the Base Tax Rate (BTR) only after providing a notice of public hearing in a newspaper, establishing the proposed additional millage rate by a resolution, holding the public hearing and approving the levy of the additional millage rate.

PA 42 of 1995 changed the language of MCL 211.24e(2) and (3) by providing that a local taxing unit which wishes to levy an operating rate that exceeds the Base Tax Rate may also do so by complying with Section 16 of the Uniform Budgeting and Accounting Act (MCL 141.436).

The following are the provisions of Section 16 of the Uniform Budgeting and Accounting Act:

Sec. 16 (1) Unless another method for adopting a budget is provided by a charter provision in effect on April 1, 1980, the legislative body of each local unit shall pass a general appropriations act for all funds except trust or agency, internal service, enterprise, debt service or capital project funds for which the legislative body may pass a special appropriation act.

(2) The general appropriations act shall set forth the total number of mills of ad valorem property taxes to be levied and the purposes for which that millage is to be levied. The amendatory act that added this subsection shall be known and may be cited as "the truth in budgeting act"

(3) The general appropriations act shall set forth the amounts appropriated by the legislative body to defray the expenditures and meet the liabilities of the local unit for the ensuing fiscal year, and shall set forth a statement of estimated revenues, by source, in each fund for the ensuing fiscal year.

(4) The general appropriations act shall be consistent with uniform **charts** of accounts prescribed by the state treasurer or, for local school districts and intermediate school districts, by the state board of education.

(5) This act shall not be interpreted to mandate the development or adoption by a local unit of a line-item budget or line-item general appropriations act.

(6) The legislative body shall determine the amount of money to be raised by taxation necessary to defray the expenditures and meet the liabilities of the local unit for the ensuing fiscal year, shall order that money to be raised by taxation, within statutory and charter limitations, and shall cause the money raised by taxation to be paid into the funds of the local unit.

(7) Except as otherwise permitted by section 102 of the state school aid act of 1979, 1979 PA 94, MCL 388.1702, or by other law, the legislative body shall not adopt a general appropriations act or an amendment to that act which causes estimated total expenditures, including an accrued deficit, to exceed total estimated revenues, including an available surplus and the proceeds from bonds or other obligations

issued under the fiscal stabilization act, 1981 PA 80, MCL 141.1001 to 141.1011, or the balance of the principal of these bonds or other obligations.

If a unit complies with Section 16 of the Uniform Budgeting and Accounting Act, it will no longer be required to publish a separate "Truth in Taxation" notice or have a separate "Truth in Taxation" hearing (as required by MCL 211.24e) when it wishes to levy an operating rate which exceeds the BTR.

The following are the requirements of MCL 141.412 regarding the notice of hearing FOR THE PROPOSED BUDGET. These are separate from the "Truth in Taxation" notice requirements.

Sec. 2. A local unit shall hold a public hearing on its proposed budget. The local unit shall give notice of the hearing by publication in a newspaper of general circulation within the local unit at least 6 days before the hearing. The notice shall include the time and place of the hearing and shall state the place where a copy of the budget is available for public inspection. The notice shall also include the following statement printed in 11-point boldfaced type: "The property tax millage rate proposed to be levied to support the proposed budget will be a subject of this hearing."

3) Model "Notice of Public Hearing" (STC Form L-4297) For Use By Local Taxing Units Which Do NOT Meet the Requirements of Section 16 of the Uniform Budgeting and Accounting Act.

Form L-4297, fulfills the requirements of 211.24e for the notice required to be published in the newspaper if a local unit of government intends to levy an operating tax rate greater than the Base Tax Rate and does NOT meet the requirements of section 16 of the Uniform Budgeting and Accounting Act. Also included with this bulletin is an example showing how to calculate the figures which are placed on the Truth in Taxation Notice of Public Hearing (STC Form L-4297).

There is no prohibition against holding the "Truth in Taxation" hearing prior to and in anticipation of an approval of millage by voters.

IMPORTANT: Form L-4297 is NOT the notice form for the BUDGET hearing.

4) Past Procedures Which Continue to Apply.

- a) The Base Tax Rate Fraction (BTRF) is calculated each year and does not compound.
- b) The Base Tax Rate Fraction (BTRF) is rounded to 4 decimal places.
- c) The Base Tax Rate is calculated by multiplying the BTRF by the operating tax rate levied in the immediately preceding year. The Base Tax Rate shall be rounded DOWN as directed by PA 38 of 1999.
- d) The section 211.24e, "Truth in Taxation" provisions are not applicable to a taxing jurisdiction that levied an operating tax of one mill or less in the immediately preceding year.
- e) If a local taxing unit fulfills the legal requirements for levying an operating tax in excess of the Base Tax Rate, the rate levied SHALL NOT exceed the maximum authorized rate after reduction by MCL 211.34 and 211.34d, where reductions under those sections are applicable.

5) Local School District Millages Are Subject to "Truth In Taxation"

- a) The "Truth in Taxation" provisions DO APPLY to local school districts.

b) Please see paragraph 4 on page 6 of this bulletin regarding the requirement to calculate the "Truth in Taxation" Base Tax Rate Fraction on 2 categories of properties under certain circumstances.

2007 EXAMPLE OF CALCULATIONS FOR THE TRUTH IN TAXATION NOTICE: Example of How to Calculate Figures Which are Placed on the Notice of Public Hearing (STC Form L-4297 for "Truth in Taxation" (MCL 211.24e).

Assume the following for this example:

- 1) 2007 Base Tax Rate (BTR) for a local taxing unit is 9.5000 mills. (Refer to above example on how to calculate the BTR)
- 2) 2006 Taxable Value (TV) = \$1,000,000
- 3) 2006 Operating Millage Levied = 9.6000 mills
- 4) 2007 Taxable Value (TV) = \$1,050,000
- 5) The local taxing unit in question wishes to levy 10.0000 mills for operating purposes and the 10.0000 mills do not exceed the maximum authorized millage rate after reduction by MCL 211.34d ("Headlee") and 211.34. ("Truth in Assessing" or "Truth in County Equalization").

Below are formulas for calculating the figures which would be entered on Form L-4297 for this example.

- 1 Proposed Increase = Millage the Unit Proposes to Levy in 2007 MINUS the Base Tax Rate

$$\text{Proposed Increase} = 10.0000 \text{ mills MINUS } 9.5000 \text{ mills} = .5000 \text{ mills}$$

- 2) % Increase in Operating Revenue = $\frac{\text{Proposed Increase} \times 100}{\text{Base Tax Rate (BTR)}}$

$$= \frac{.5000 \text{ Mills} \times 100}{9.500 \text{ Mills}}$$

$$= 5.26\%$$

- 3) % Increase (could also be a decrease) if the Proposed Increase is Not Approved

$$= \frac{(\text{BTR} \times \text{Current Year's TV}) \text{ MINUS } (\text{Op. Millage Levied in Prior Year} \times \text{Prior Year's TV}) \times 100}{(\text{Operating Millage Levied in Prior Year} \times \text{Prior Year's TV})}$$

$$= \frac{(9.5000 \text{ Mills} \times 1,050,000) \text{ MINUS } (9.6000 \text{ Mills} \times 1,000,000) \times 100}{9.6000 \text{ Mills} \times 1,000,000}$$

$$= \frac{(.0095 \times 1,050,000) \text{ MINUS } (.0096 \times 1,000,000) \times 100}{(.0096 \times 1,000,000)}$$

$$= \frac{(9975 \text{ MINUS } 9600) \times 100}{9600}$$

$$= \frac{375 \times 100}{9600}$$

$$= 3.91\%$$